

## Tax Cuts and Jobs Act Side-by-Side Comparison

Provision	House	Senate
1031 Like-Kind Exchanges	Limited to real property	Same as House
SALT	Eliminates SALT, keeps \$10,000 property tax deduction	Same as House
Territorial System	100% dividends received deduction	Same as House
Charitable Contribution Deduction	Retains	Same as House
Mortgage Interest Deduction	Caps deduction for new acquisitions at \$500,000	Maintains \$1 million deduction for acquisition debt, but eliminates the deduction for home equity debt
Corporate Tax Rate	Cuts from 35% to 20%, effective 2018	Cuts from 35% to 20%, effective 2019
Individual Brackets	<p>Reduces to 4 brackets with top rate maintained at 39.6%</p> <p>Single filer rate schedule:</p> <p>12% &gt;\$0 25% &gt;\$45,000 35% &gt;\$200,000 39.6% &gt;\$500,000</p>	<p>Maintains seven brackets at 10, 12, 22, 24, 32, 35, and 38.5%</p> <p>Single filer rate schedule:</p> <p>10% &gt;\$0 12% &gt;\$9,525 22% &gt;\$38,700 24% &gt;\$70,000 32% &gt;\$160,000 35% &gt;\$200,000 38.5% &gt;\$500,000</p>
Child Tax Credit	Expands from \$1,000 to \$1,600 and includes a \$300 credit for non-child dependents, phased out at \$115,000 for single filers and \$230,000 for joint filers, expires after 5 years	Expands from \$1,000 to \$2,000 and includes a \$50 credit for non-minor child dependents, phased out at \$500,000 for all filers, expires at end of 2025
"Pass through" rate	Sets top rate of 25% for pass through business income, then sets anti-abuse rules with presumption of 70% of pass-through income is wage income (subject to regular rate schedule) and 30% is business income (subject to lower rate cap), while excluding most personal service companies from the preferential rate	Keeps pass through rate unchanged but provides a new 23% deduction for some pass through income (limited to 50% of wage income), includes publicly traded partnerships, expires after 2025

Medical Expense Deduction	Eliminates medical expense deduction	Preserves the deduction, and for tax years 2017-2018 allows it for eligible expenses that exceed 7.5% of adjusted gross income rather than 10% AGI
Expensing Rules	Allows companies to write off the cost of new equipment in 5 years, increases small business expensing cap from \$500,000 to \$5 million, with the phaseout beginning at \$20 million, maintains depreciation schedules for real property	Allows immediate and full expensing for new equipment for 5 years, then phases this provision out by 20% per year, raises the small business expensing cap to \$1 million, shortens depreciation of real property to 25 years
Standard Deduction	Nearly doubles standard deduction to \$12,200 for single filers, \$18,300 for heads of household, and \$24,400 for joint filers; eliminates personal exemptions and deduction for those over 65 or blind, indexed to chained CPI	Nearly doubles standard deduction to \$12,200 for single filers, \$18,000 for heads of household, and \$24,000 for joint filers; eliminates personal exemption and maintains deduction for those over 65 or blind, indexed to chained CPI
Estate Tax	Raises the exemption from tax to \$10 million, indexed for inflation, and repeals completely in 6 years	Doubles the exemption but keeps the tax in place
Alternative Minimum Tax	Eliminates the individual and corporate AMTs	Retains the corporate AMT, and raises the individual AMT threshold by roughly 40% to \$70,600 for single filers and \$109,400 for joint filers
Individual Mandate Penalty	Preserves the individual mandate penalty	Repeals the individual mandate, penalty to \$0
Permanency	Corporate and Individual tax cuts are permanent	Corporate tax cuts are permanent, individual tax cuts expire at end of 2025
Graduate Student Income	Treats tuition waivers for graduate students as taxable income	No tax on waived graduate student tuition
Teacher Deduction	Eliminates itemized deduction for expenses attributable to being an employee (\$250 for teacher supplies)	Increases \$250 teacher deduction to \$500

Business Interest Limitation	30% of EBITDA limitation on interest deductions, with exemptions for:  Small business (up to \$25 million of gross receipts) Regulated public utilities Real estate businesses Businesses w/ floor plan lending	30% of EBIT limitation on interest deductions, with exemptions for:  Small business (up to \$15 million of gross receipts) Regulated public utilities Real estate businesses & farms Businesses w/ floor plan lending
Worldwide Interest Limitation	Limitation on excess interest deductions in the United States determined based on U.S. and worldwide earnings ratios	Same as House, but based on worldwide asset ratios not earnings ratios
Cash Accounting	Increases eligibility of small businesses from \$5 million to \$25 million	Increases eligibility from \$5 million to \$15 million
Net Operating Loss (NOL)	NOL deduction limited to 90% of current year taxable income, indefinite carryforward, no carrybacks, carryforwards increased by interest factor	NOL deduction limited to 90% of current year taxable income (limited to 80% beginning in 2023), indefinite carryforward, no carrybacks, no interest on carryforwards
Deemed Repatriation	Enacts deemed repatriation of currently deferred foreign profits at a rate of 14% for liquid assets and 7% for earnings invested in business assets	Same as House, but the rates are 14.5% and 7.5%
Outbound Base Erosion	Imposes a U.S. tax at 10% on certain high-return income earned through a foreign subsidiary, reduced by foreign tax credit	Similar to House, but tax rate of 12.5% after 2025
Inbound Base Erosion	20% net basis tax on foreign affiliates receiving outbound deductible payments from U.S. affiliates	10% gross basis tax on outbound deductible payments to foreign affiliates from U.S. affiliates, increasing to 12.5% after 2025
Orphan Drug Credit	Repeals	Retains but scales back from 50% to 27.5%
Rehab Tax Credit	Repeals	Retains but spreads the 20% credit for certified historic structures over a five-year period
Low Income Housing Tax Credit	Retains	Retains but reduces and makes mandatory the basis boost percentage for rural area properties from 30% to 25%

Johnson Amendment	Repeals the Johnson amendment – tax exempt entities will now be allowed to engage in political speech if it is in the regular course of business and expenses are de minimis	No change
Private Activity Bonds	Repeals interest deduction	No change